

Departmental Disclosure Statement

Remuneration Authority Amendment Bill

The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Business, Innovation & Employment (MBIE).

MBIE certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

9 March 2015.

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Part One: General Policy Statement

This Bill amends the Remuneration Authority Act 1977 to provide a sole criterion for the Remuneration Authority to consider when reviewing the total remuneration of members of Parliament. This criterion is the Quarterly Employment Survey (QES) for the public sector average ordinary time weekly earnings for full-time equivalent employees (FTE) using the change for the average for the year to June compared with the average for the previous year to June.

Using this measure means that the remuneration of members of Parliament will increase in line with the average public sector salary. The average annual percentage change will be applied to smooth any sudden increases or decreases due to fluctuations in employment movements.

To ensure that this process works, the Bill provides that the indexing of MPs' salaries to the QES must be done on an annual basis. Currently, the Act requires the Authority to make determinations for each position within its jurisdiction at least every three years (section 19(5)).

The Bill provides for the current Parliamentary Salaries and Allowances Determination 2015 to be revoked as far as it applies to salaries. To ensure that MPs continue to receive their salary, the Bill reinstates the *Parliamentary Salaries and Allowances Determination 2013* until such time as the Remuneration Authority is able to Gazette a new determination using the new criterion under the amended Act.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	NO

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	NO
No. This is because the Bill was developed under urgency in order to address the disproportionate increase of members of Parliament's total remuneration relative to salary movements in the wider public sector and the rate of inflation.	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	NO
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	NO

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?

MBIE assessed that there were no international obligations that apply to the Bill and no further steps were undertaken.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

MBIE has undertaken an internal consideration and is satisfied that the Bill is consistent with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?

NO

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:

(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?

NO

(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?

NO

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?

NO

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?

NO

The Bill is intended to be passed as a matter of urgency, which has not allowed for external consultation.

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	YES
Yes. MBIE has tested the proposals with the relevant government departments and statutory bodies.	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO

Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	YES
<p>Clause 7 of the Remuneration Authority Amendment Bill (the Bill), introduces new section 18B of the Remuneration Authority Act (the Act) which provides a new criterion for the Remuneration Authority (the Authority) to assess MP's total remuneration. New schedule 1AA, clause 1 of the Bill revokes the Parliamentary Salaries and Allowances Determination 2015 that was gazetted on 26 February 2015. New schedule 1AA, clause 2 of the Bill reinstates the Parliamentary Salaries Allowances Determination 2013 and deems this Determination to have continued to have effect on and from 1 July 2014.</p> <p>This is necessary to give effect to the Cabinet decision that the proposed 3.5 per cent increase in remuneration is out of line with other public sector wage changes for the same period. The Bill will be passed before the pay rates set out in the 2015 Determination are able to be implemented. A new determination will be back dated to 1 July 2014.</p>	

Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO

Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	YES
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Clause 5 and clause 6 of the Bill amend current section 18 and section 18A of the Act so that the criteria in these provisions will not apply to determinations of the salaries of Members of Parliament.

Clause 7 of the Bill, introduces new section 18B of the Act which provides a new criterion that the Authority considers when determining MPs' total remuneration. This amendment reduces the Authority's discretion on how it assesses changes to salaries. There are no proposed changes to the independence of the Authority or the statutory process it uses to determine salaries. The new criterion is based on an index published publicly by Statistics New Zealand. The independence of the Government Statistician in producing statistics is set in the Statistics Act 1975.

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO

4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
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Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO

